

PIERCE COUNTY, WASHINGTON
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. Inmate Trust Account Internal Controls Should Be Improved

Our audit of the Pierce County Sheriff's Department Inmate Trust Account found internal controls over the handling of inmate moneys to be inadequate. We identified the following cash receipting internal control weaknesses:

- a. Lack of segregation of duties so the same individuals receive cash, prepare bank deposits, reconcile cash received to cash deposited, write checks on the account, and perform bank account reconciliation.
- b. Amounts held in trust for inmates and manually recorded on an inmate account card for each inmate are not regularly reconciled to the cash balance.
- c. There are no procedures in place to ensure accuracy of entries made in inmate trust account cards.
- d. There are no procedures in place to ensure the completeness of the inmate trust account card file.
- e. There are no procedures in place to back-up the information recorded on the inmate trust account cards.
- f. Physical security over and access to inmate trust account cash held in the jail release area are inadequate.

As a result of these weaknesses, errors or irregularities in accounting for money held in trust for inmates in the Pierce County Correctional Facility could occur and not be detected.

We recommend the Sheriff's Department implement procedures to improve cash receipting internal controls as follows:

- a. Segregate the individual's duties for receiving and disbursing money held in the Inmate Trust Account.
- b. Perform periodic reconciliation of the inmate account cards to the Inmate Trust Account control balance.
- c. Provide assurance of the accuracy of information entered in individual inmate account cards.
- d. Provide assurance of the completeness of the inmate account card file.
- e. Provide a back-up for information recorded on inmate account cards.
- f. Improve physical security over access to cash in the release area of the

Correctional Facility.

We also recommend automation of the Inmate Trust Account records to accomplish the above recommendations b. through e.

2. Work Release And Home Detention Program Internal Controls Should Be Improved

As mentioned in our previous finding, our audit of the Sheriff's Work Release and Home Detention programs found the handling of inmate moneys to be inadequate. We identified the following cash receiving internal control weaknesses:

- a. There is a lack of segregation of duties. The same individuals receive cash payments from program participants and update participant records for amounts paid.
- b. There is no procedure to ensure all funds received by the Work Release and Home Detention programs are deposited to the bank.
- c. There are no written procedures controlling the receiving of participant fee payments or entries made in participant program payment records.
- d. There is no procedure to ensure program participants make all the required payments.
- e. There are no written procedures for documenting eligibility to participate in the Work Release and Home Detention programs.

Our audit determined the Work Release and Home Detention program incurred a loss of \$5,997. Payments were made by program participants, as evidenced by cash receipt documents, but the money received was not deposited in the bank. Due to these internal control weaknesses, responsibility for the missing cash could not be determined.

Also, the Work Release and Home Detention program participant records showed less than complete documentation of eligibility and fees to be paid, as well as errors in entries made in participant payment records. In our opinion, these conditions are the result of the lack of written procedures.

We recommend the Sheriff's Department:

- a. Segregate the duties of receiving cash from program participants and updating participant payment records.
- b. Reconcile cash to be deposited with cash receipts written during the period covered by the deposit for each cash deposit.
- c. Prepare written procedures to control receipt of participant fee payments and entries made in participant program payment records.
- d. Provide for a supervisory review of participant program records prior to release to ensure completeness of documentation and program payments.
- e. Prepare written procedures for documenting eligibility to participate in the Work Release and Home Detention programs.

We also recommend the Sheriff's Department, together with the Pierce County Prosecuting Attorney, investigate the circumstances surrounding the \$5,997 loss to identify responsibility.

3. County Auditor Should Collect Only Authorized Fees

Our audit of the county auditor's office found fees that were collected for business license photos that did not appear to be properly authorized fees. The county auditor initiated a program where photo identification pictures were taken of business license applicants. Beginning in August of 1993, these applicants were charged a \$2 fee for the photo service. This \$2 photo fee was not authorized by county ordinance.

This fee was collected in cash and held in the county auditor's office rather than being sent to the budget and finance department for deposit to the county treasury. No record of the number of pictures issued or discarded was maintained. Each \$2 fee was loosely attached to an unofficial receipt and placed in an envelop for storage in a cash box. The cash box was not stored in a secure manner during the day. At the end of the month these moneys were stored in the office vault.

We performed a cash count on February 1, 1994, and found a total of \$591 on hand from collection of this fee. We attempted to reconcile this cash to an amount that should have been on hand based upon the number of pictures remaining. This reconciliation indicated a possible shortage of \$118 (59 pictures unaccounted for). However, employees involved in picture taking indicated they had retaken pictures without an additional charge and had discarded unused pictures when the camera needed maintenance. No record was kept of the number of retakes or discards.

Officials indicated that the pictures were being taken as a service to customers and had discussed the fee with county budget and finance. They believed budget and finance would prepare the ordinance allowing the fee to be collected.

When proper procedures are not followed to establish fees for services, fees collected may not be legally authorized and the risk increases for cash shortages.

We recommend the county auditor charge only those fees authorized by state law and county ordinance. We also recommend internal controls over fee collection be improved.

4. County Auditor Should Charge Only Allowable Expenses To Auditor's Operation And Maintenance Fund

Our audit of the county auditor's Operation and Maintenance Fund (O&M Fund) found expenditures were charged to the O&M Fund that did not appear to be appropriate. In 1993, \$1,075.86 was charged to the minor equipment account of the O&M Fund for two cellular telephones. Another \$1,505.72 was charged to the training account for an employee to attend the National Postal Forum. Neither of these two expenditures appear to directly relate to the preservation and reproduction of historical documents as required by RCW 36.22.170.

RCW 36.22.170 restricts the use of moneys in the O&M Fund to the ongoing preservation and reproduction of historical documents. During the audit, these charges were reversed out of the O&M Fund and charged to the county auditor's office general fund account.

When expenditures from restricted funds are made that do not appear to satisfy the restrictive intent, the risk increases that officials will not be in compliance with the law.

We recommend officials review the procedures for charging expenditures to the O&M Fund and establish adequate internal controls to ensure that only allowable expenditures are charged to this fund.

PIERCE COUNTY, WASHINGTON
January 1, 1993 Through December 31, 1993

Schedule Of Federal Findings

1. Pierce County Should Comply With The Requirements Of The Child Support Enforcement Grant

Pierce County receives federal child support enforcement grant funds pursuant to Title IV-D of the Social Security Act. The grant funds the county receives are used by the Prosecuting Attorney, Superior Court, and the Clerk of the Superior Court to defray the costs of providing child support enforcement services to eligible individuals.

45 CFR 304.20(a) states, in part:

. . . Federal financial participation at the applicable matching rate is available for:

(1) Necessary expenditures under the State Title IV-D plan for . . . individuals from whom an assignment of support rights . . . has been obtained.

Superior Court Commissioners keep logs of the number of cases they handle by case type. Commissioner payroll costs are charged to the child support enforcement grant based on the assumption that all child support cases are eligible under the grant. The reimbursement requested is determined by the percentage of child support cases to total cases they handle. The court does not have information as to whether or not the parties involved in the child support cases have assigned their support rights to the state.

As a result of the Superior Court's failure to determine if an assignment of support rights from the parties involved in child support cases has been obtained prior to claiming reimbursement, the court may have claimed federal grant reimbursement for ineligible cases. Because the court does not have information on the number of child support cases eligible for reimbursement, we are unable to determine the amount of federal grant money the court is entitled to under the terms of the grant.

Court officials were not aware of the requirement to determine eligibility prior to claiming reimbursement from the grant.

We recommend the Superior Court determine child support case eligibility before claiming reimbursement for child support enforcement costs.